



Exempt Action Final Regulation Agency Background Document

Agency name	Department of Medical Assistance Services
Virginia Administrative Code	12 VAC 30 -80
Regulation title	Methods and Standards for Establishing Payment Rates-Other Types of Services Fee-for-Service Providers
Action title	DMERC Reimbursement for Durable Medical Equipment
Document preparation date	; NEED GOV APPROVAL BY

When a regulatory action is exempt from executive branch review pursuant to § 2.2-4002 or § 2.2-4006(A) of the of the Administrative Process Act (APA) (townhall.state.va.us/dpbpages/dpb_apa.htm), the agency is encouraged to provide information to the public on the Regulatory Town Hall using this form.

Note: While posting this form on the Town Hall is optional, the agency must comply with requirements of the Virginia Register Act (leg1.state.va.us/cgi-bin/legp504.exe?000+cod+2.2-4100), the *Virginia Register Form, Style, and Procedure Manual* (legis.state.va.us/codecomm/register/download/styl8_95.rtf), and Executive Orders 21 (02) and 58 (99) (governor.state.va.us/Press_Policy/Executive_Orders/EOHome.html)

Summary

In a short paragraph, please summarize all substantive changes that are being proposed in this regulatory action.

The 2004 Appropriations Act, Chapter 4 of the *2004 Acts of the Assembly*, Item 326 BBB, directs the Department of Medical Assistance Services (DMAS) to amend the State Plan for Medical Assistance to set the rate for durable medical equipment at the Durable Medical Equipment Regional Carrier (DMERC) reimbursement level for those items that have a national Healthcare Common Procedure Coding System (HCPCS) code. Those durable medical equipment items that do not have a HCPCS code will continue to be reimbursed at the current level.

Statement of agency final action

Please provide a statement of the final action taken by the agency including (1) the date the action was taken, (2) the name of the agency taking the action, and (3) the title of the regulation.

I hereby approve the foregoing Regulatory Review Summary with the attached amended State Plan pages Methods and Standards for Establishing Payment Rates-Other Types of Services Fee-for-Service Providers Durable Medical Equipment (DME) Regional Carrier Reimbursement (12 VAC 30-80-30 and 80-190) and adopt the action stated therein. I certify that this final regulatory action has completed all the applicable requirements of the Code of Virginia § 2.2-4012, of the Administrative Process Act.

Date

Patrick W. Finnerty, Director

Dept. of Medical Assistance Services

Substance

Please detail any changes that are proposed. Please outline new substantive provisions, all substantive changes to existing sections, or both where appropriate.

The sections of the State Plan for Medical Assistance that are affected by this action are Methods and Standards for Establishing Payment Rates—Other Types of Care Fee for Service Providers (Attachment 4.19-B (12 VAC 30-80-30) and State Agency Fee Schedule RBRVS (Attachment 4.19-B, Supplement 4 (12 VAC 30-80-190)).

Currently, the State Plan for Medical Assistance provides fee-for-service coverage for durable medical equipment (DME) (wheelchairs, walkers, crutches, etc.) to Medicaid recipients who live either in their own homes or in other community settings. Recipients who are institutionalized are also provided medically necessary durable medical equipment but, for the most part, their DME is provided as part of the institutions’ costs of providing their care. This reimbursement methodology change does not affect institutionalized recipients DME but only fee-for-service DME reimbursement.

Presently, DME is reimbursed at the lower of the state agency fee schedule less 4.5% or the durable medical equipment providers’ actual charges. When DMAS’ new claims processing computer system was brought up, and due to requirements of the federal Health Insurance Portability and Accountability Act (HIPAA) law, the coding system used for DME was changed

from the Common Procedural Terminology (CPT) to the Healthcare Common Procedure Coding System (HCPCS) system. Continued use of the CPT system did not allow for compliance with certain HIPAA requirements which would have prevented DMAS’ massive claims processing computer system (the MMIS) from being certified by the federal government. Achieving federal certification of the MMIS was tied to continued receipt of federal matching funds, or Federal Financial Participation (FFP), for all covered medical services and for administrative costs.

The Title XVIII Medicare program covers certain durable medical equipment for Medicare-eligible persons using the HCPCS coding system and reimbursement methodology. The Centers for Medicare and Medicaid Services contracts with regional carriers of durable medical equipment to process claims for DME provided to Medicare persons. These regional carriers, known as Durable Medical Equipment Regional carriers (DMERCs), process Medicare claims, using the HCPCS coding system and the Medicare reimbursement method.

With the adoption of the HCPCS coding system, with the standard annual updates, in Medicaid for DME services, the use of the related reimbursement system follows. This regulatory action accomplishes the change from the current reimbursement method to the Medicare system as administered through the DMERCs.

The change to 12 VAC 30-80-190 is housekeeping to maintain conformity between this regulation and 12 VAC 30-80-30.

Current section number	Proposed new section number, if applicable	Current requirement	Proposed change and rationale
30-80-30, A, 6, a	N/A	No current requirement.	This change adds the requirement that items that have a national HCPCS code, the rate shall be set at the DMERC reimbursement level.
30-80-190, 1	N/A	Does not include DME services as an exception to the rule that providers will be reimbursed using a fee schedule that is based on a Resource Based Relative Value Scale (RBRVS).	Added DME as another exception to this rule. The paragraph should read: “Effective for dates of service on or after July 1, 1995, the Department of Medical Assistance Services (DMAS) shall reimburse fee-for-service providers, with the exception of home health services (see 12VAC30-80-180) <u>and durable medical equipment services (see 12VAC30-80-30).</u> ...”

Family impact

Assess the impact of this regulatory action on the institution of the family and family stability.

This regulatory action will not have any negative effects on the institution of the family or family stability. It will not increase nor decrease disposable family income or erode the marital commitment. It will not discourage economic self-sufficiency, self-pride, or the assumption of family responsibilities.